

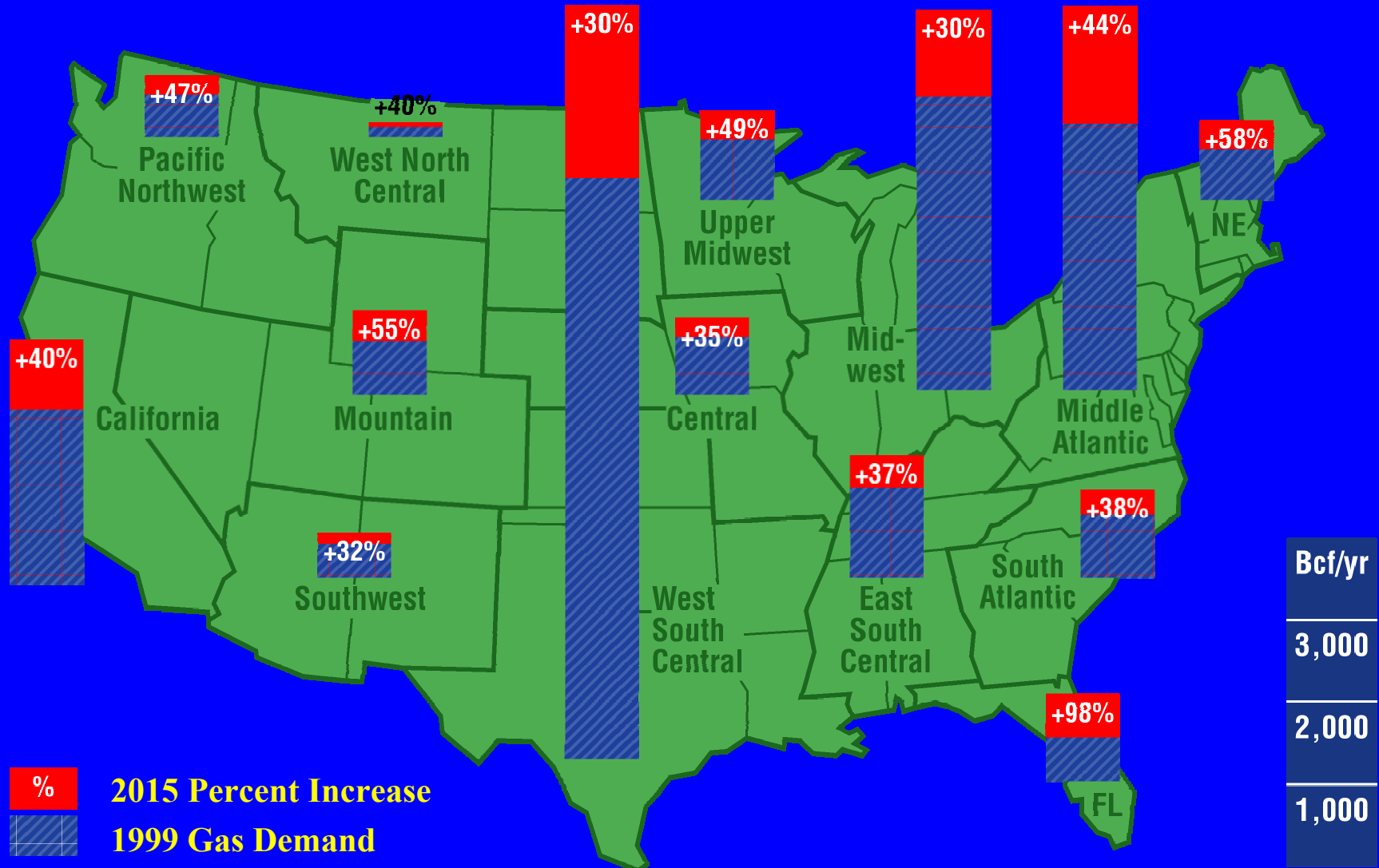


Offshore Gulf of Mexico LNG Regasification Terminal

More Clean Energy for America

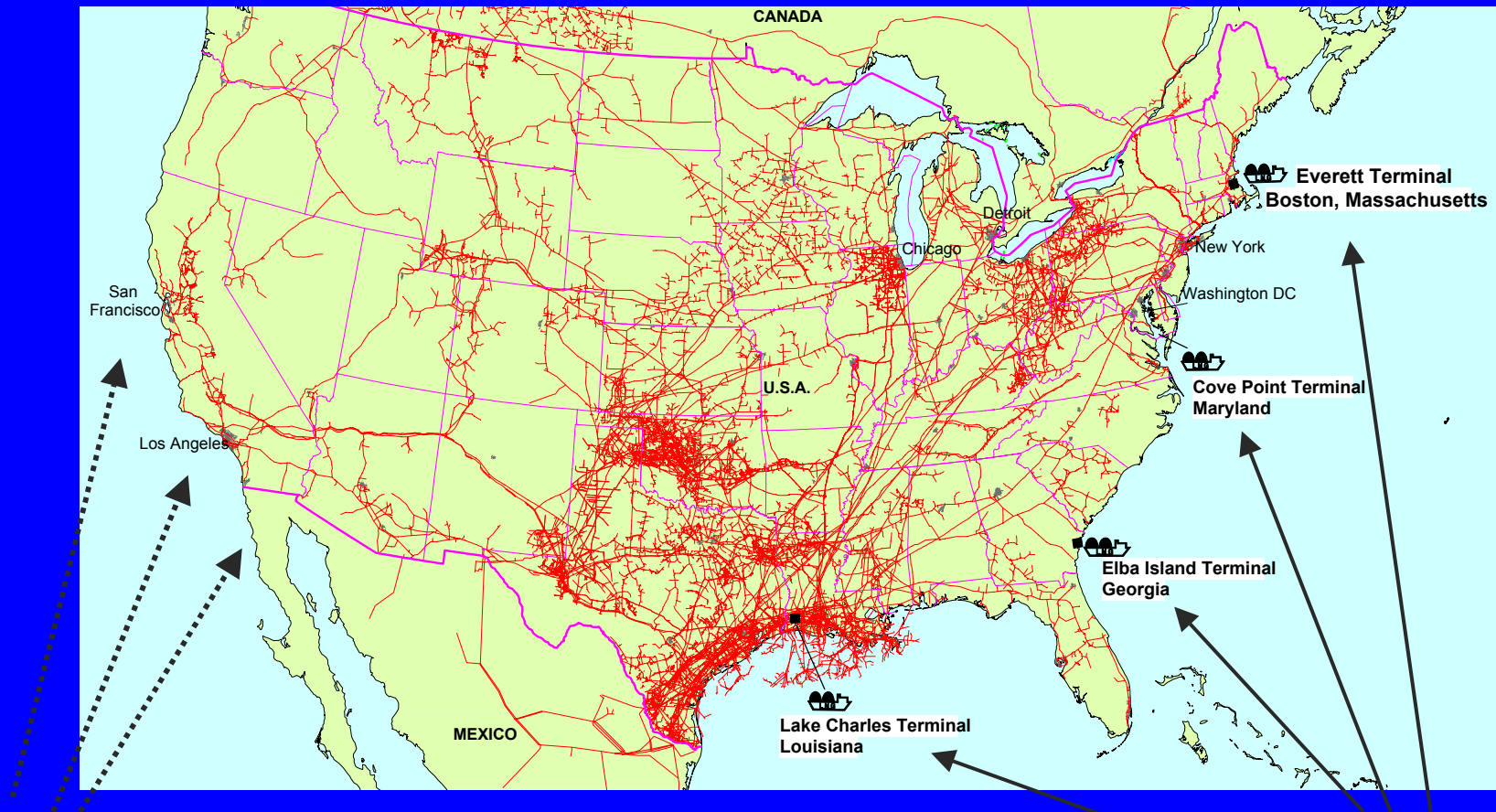


Natural Gas Demand will Increase in All Regions (1999 NPC Reference Case)





LNG into the US gas market

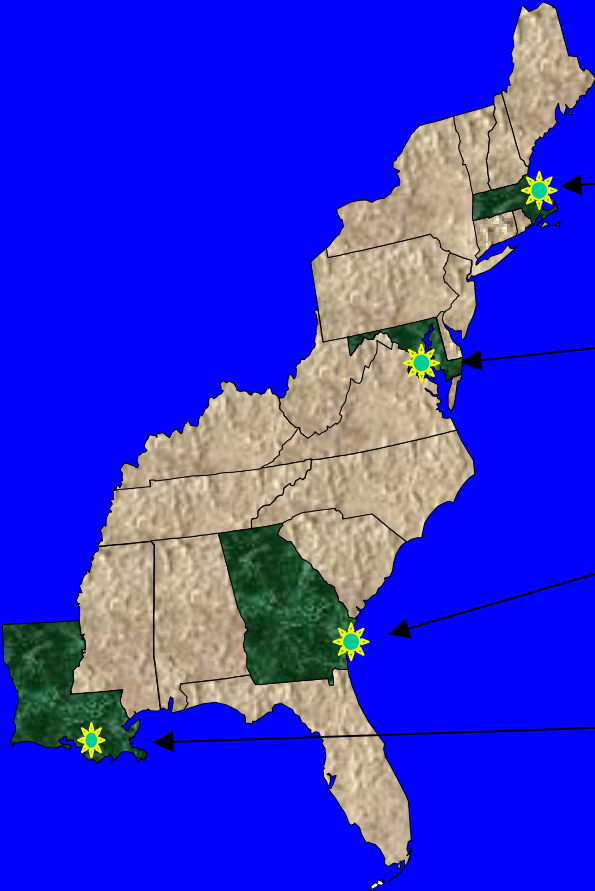


No regas capacity on
W.Coast, although SF/LA lie
at the end of transmission
grids

LNG is competitive into this
efficient, liquid traded market
that functions on price alone



EXISTING U.S. LNG TERMINALS

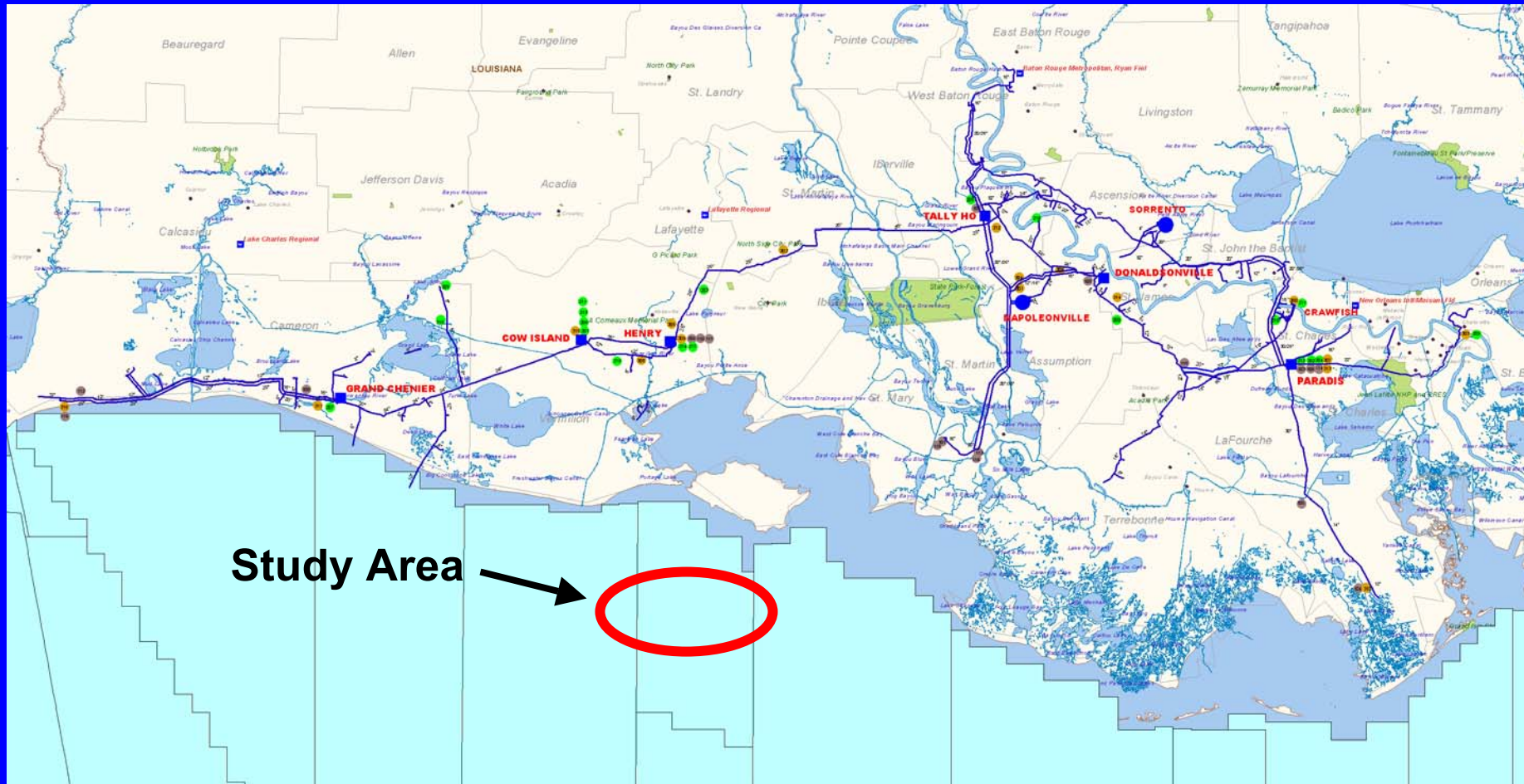


MMSCFD			
Terminal	Existing	Expansion	Total
Everett	450	?	450+
Cove Point	1000	500	1,500
Elba	330	?	330+
Lake Charles	700	500	1,200
TOTAL	2,480	1,000+	3,480+



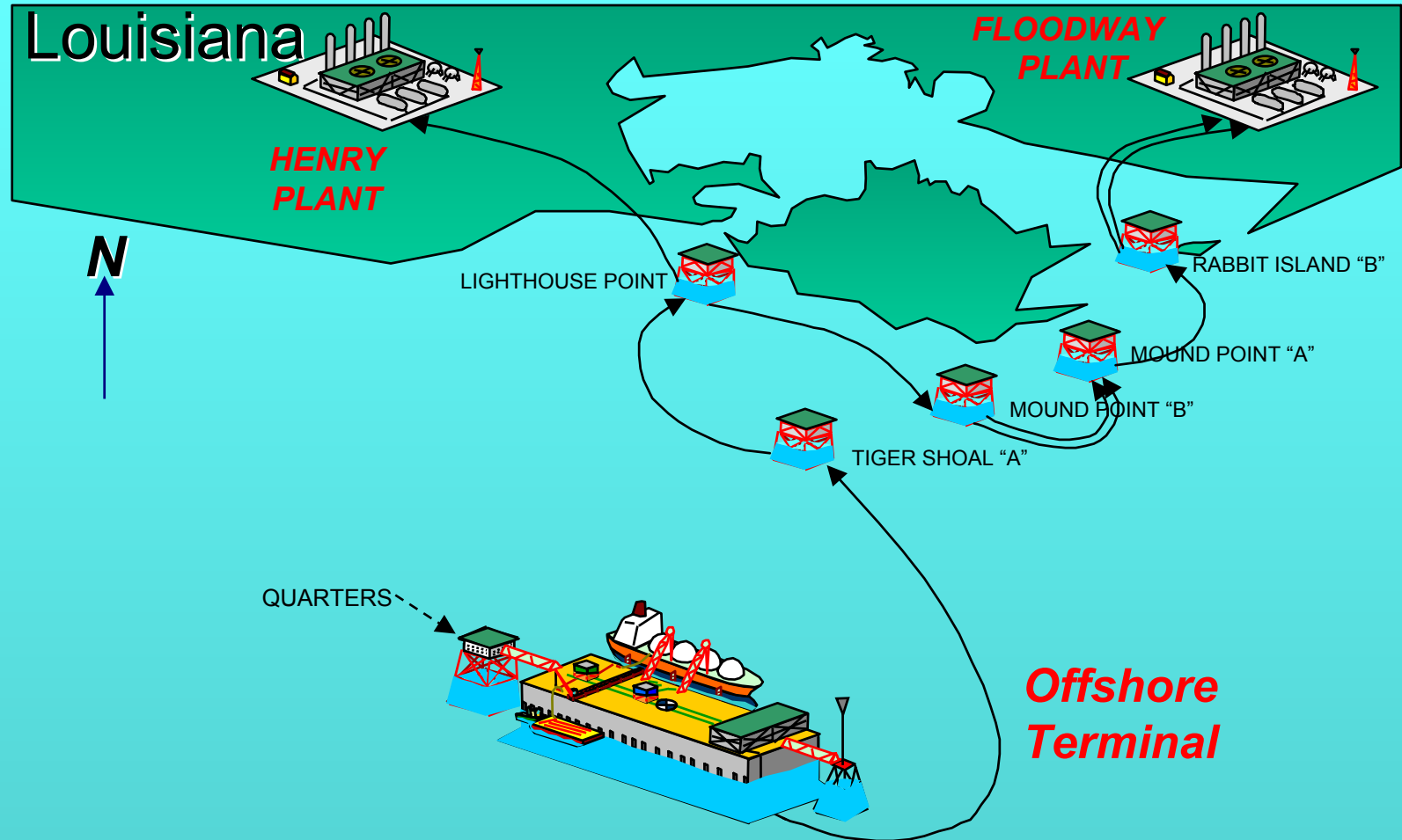
SITE SELECTION

Pipeline Infrastructure

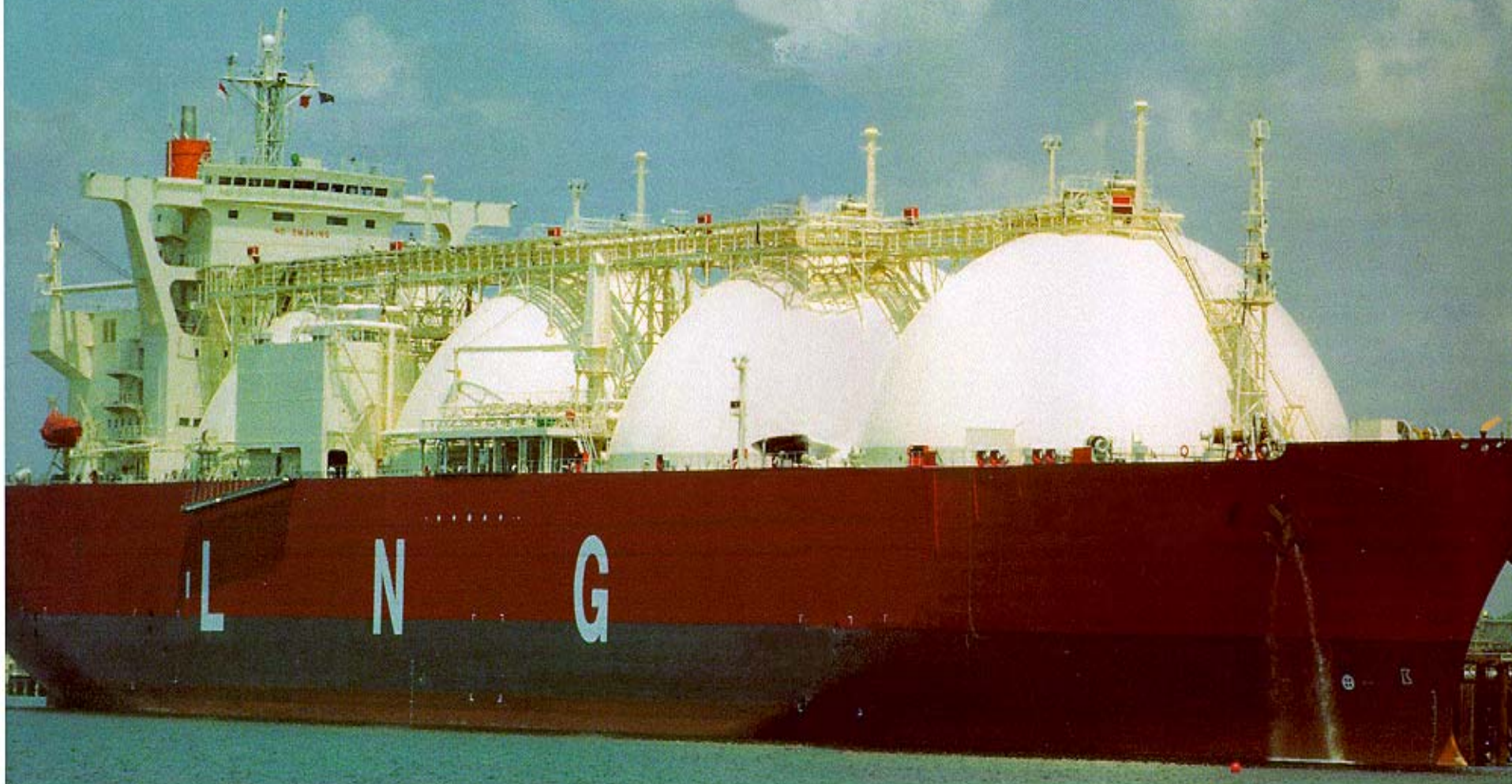




LNG Receiving Terminal



- LNG is natural gas cooled to -260°F
- LNG is $1/600^{\text{th}}$ the volume of the gaseous state
- LNG is 90% - 100% methane gas and shipped cryogenically under no pressure. An LNG ship is basically a “big thermos bottle”.





SITE SELECTION

- Minimize Environmental Impact
- Access to World Class Infrastructure
- Facilitate Shipping Access
- Flexible Expansion – 1 to 2 BCFD
- Reduce NIMBY Factor



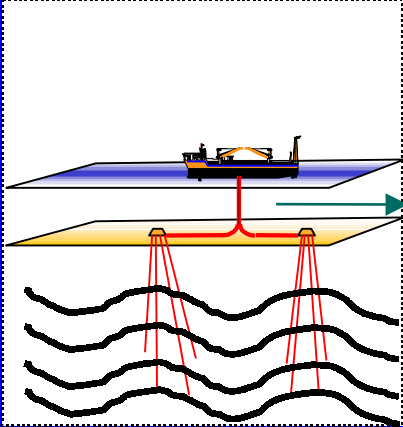
SUPPLY IMPACT

- Provides Energy to Households
1BCF > 3 Million
- Positive Regional Economic Benefit
- Support Energy Policy
 - Infrastructure Investment
 - Diversification of Energy Supply/National Security
 - Reliable Energy Source
 - Environmentally Acceptable
 - Competitively Priced

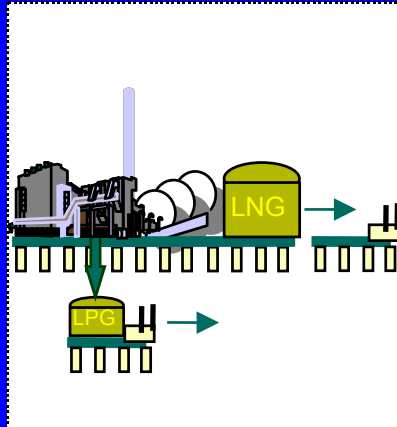


CLASSIC LNG VALUE CHAIN

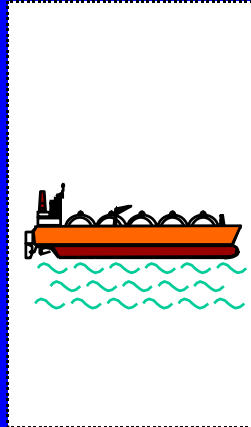
Subsurface
Development



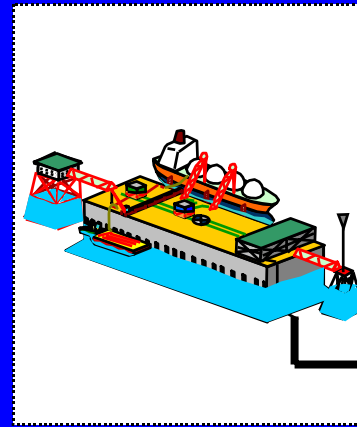
Liquefaction,
Storage &
Loading



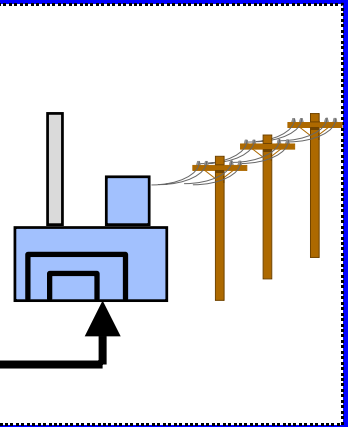
Shipping



Receiving,
Storage
& Regasification



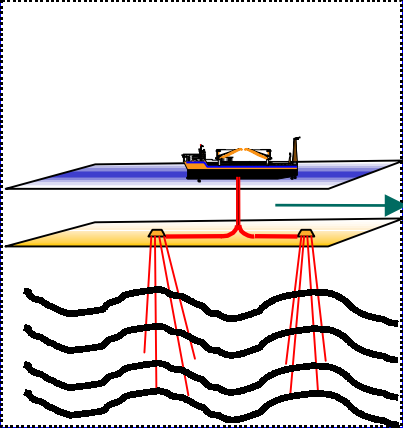
SPA with End
User



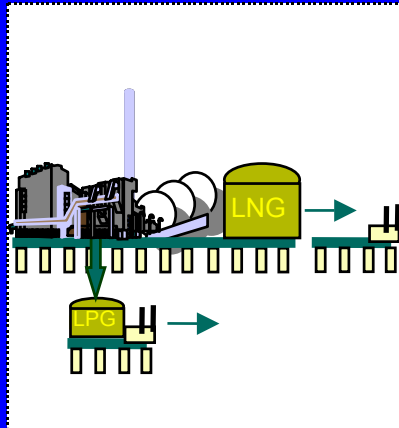


NEW LNG VALUE CHAIN

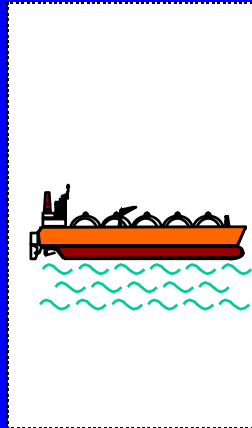
Subsurface Development



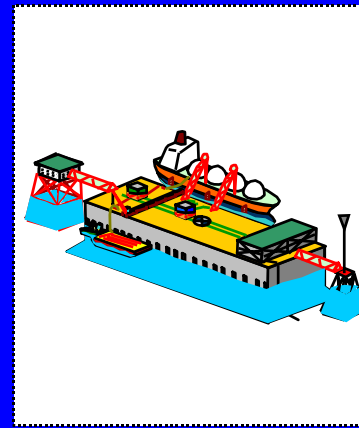
Liquefaction, Storage & Loading



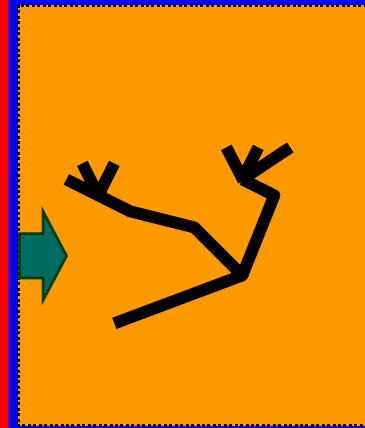
Shipping



Receiving, Storage & Regasification



Competitive Distribution & Marketing



The US Market Allows LNG to Shorten the Value Chain



BENEFITS of TEXACO'S LNG STRATEGY

- Clean energy (Fuel of Choice)
 - In harmony with needs and energy policy
- Low Environmental Impact
 - Use of existing infrastructure, vessel routing
- Jobs and Tax base
- Reduces Greenhouse Gas
- Development of stranded gas resources
- Enhances North America Gas Market